



## InnovateND Idea Plan Style Guide 2010

**Assumptions:** ***“It depends!”*** This phrase is the mantra of the entrepreneur as they take the entrepreneurial journey from idea generation to opportunity identification to concept development and now finally to idea plan evolution. The abstraction of the creative journey belies the structured process you will now undertake to piece together your new venture. Now is the time to put your Idea Plan together and make the final story compelling and one that allows the judges to see the value you have created. The following is a guide created in question/answer format and not a list of set-in-stone to-do rules. This means that the style can vary depending on the needs of your venture. The only rule is that the total page count of your Idea Plan does not exceed 25 pages. In effect, if you answer the questions provided in each section, your Idea Plan will virtually write itself. I have also recorded podcasts that you will find in the Idea Studio for each section of the Idea Plan. This guide then helps to formalize the story of your business. Good Luck!

*Dr. J. Stamp, Entrepreneur in Residence, UND Center for Innovation*

### **A. The Importance of Style**

This competition is about dreaming and doing. You have done the dreaming and now it is time to finish the doing. But to finish with style comes with requirements of you. Today's world is as much about *“how you present the what”* you have as it is about the *“substance of what”* you have. In reality, this Idea Plan represents the very beginnings of the brand you hope to create with your venture. So it needs to demonstrate a little style and attitude. The judges who will be reading and evaluating your plan can range from those that sense your brand subconsciously to those that will outright demand it as a fully developed personality. So take some time to think about your style and add a “voice” to your plan through the use of subtle and professional design elements. A few pictures, graphs, borders, and clean white space can result in added respect when someone is reviewing your plan. Don't cheat a good idea by not considering what design can do for your plan. Remember – tasteful -- not cheap, overdone, or cluttered.

### **B. Judging Criteria**

As you develop your plan be mindful of the judging criteria detailed on the InnovateND.com website. Entrepreneur Ventures will be judged on the following criteria:

- **Innovation:** An innovative idea can be for a technology, product or service; high tech, low tech or no tech; or it can be an entirely new idea or the evolution/improvement of a previous idea. Ideas should be

unique and different, providing a competitive advantage. Ideas that show the greatest innovation will be viewed more favorably.

- **Commercial Viability:** Can the idea be commercialized within two years? Can the idea create or serve a market need? What are the customer benefits? What is the entrepreneur's strategy for making the idea into a high-growth business? Judges will be evaluating ideas on their potential to generate revenue, profits and employment.
- **Investment Opportunity:** If an investment opportunity was available and contemplated, would investors invest in this venture? Is the entrepreneur team invested in the venture?
- **Entrepreneur Team:** Are key leaders and advisors available (or identified subject to financing) to fill key positions to execute the venture plan.
- **Quality of Presentation:** As the judging progresses to the final round, some emphasis will be placed on entrant's quality of presentation (clear, concise), both written and orally.

### C. Idea Plan Examples

In the Idea Studio you will find three complete Idea Plans (the are also referred to as Feasibility Plans) that we have provided for you to review. These plans have been graciously provided with permission by the University of Colorado Leeds School of Business. We choose these plans from non-North Dakota ventures so as to not influence you by the nature of the ventures themselves, but rather to see the stories they are trying to sell. These three plans: NetDog, rockGRIPS, and Metal Removal Technologies are very different in style. Some, more left brain tactical, and others more right brain consumer emotional. Your own venture will determine which style is correct for your plan. These are not provided as copy templates. They are provided as stimulus for your own thinking. Also remember, these example plans are confidential, so please treat these plans with professional respect. Other examples exist online, just Google "Business Plans" or some variation of it and there are many online posted business plans for you to get ideas from such like [www.sampleplans.com](http://www.sampleplans.com). As always, do not be afraid to ask for advice and guidance. I won't write your plan for you, but I can help to point you in the right direction. Email me at [stamp@boldthinking.com](mailto:stamp@boldthinking.com).

### D. Basic Structural Content Elements

We have explored a number of venture critical elements during the podcasts that you find in the Idea Studio and in the Podcast Vault. These form the content requirements of your Idea Plan. The basic elements of the Idea Plan framework include:

- ☐ Venture Concept
- ☐ Opportunity/Need
- ☐ Product/Service
- ☐ Target Market
- ☐ Unique Benefits

- Competitive Analysis (Business Model)
- Resource and Capabilities
- Risks
- Financial Projections (3 years)
- Conclusions (the offering)

How you place these components of knowledge you have discovered in your Idea Plan, is highly dependent on the nature of your venture and the unique story you wish to tell. The next section shows you the standard style format we want you to use for your plan that will be viewed by the InnovateND judges. Again, while there are obviously different organizational styles employed in business plans, we would like to maintain some level of consistency to enable the judges to fairly and comprehensively evaluate each plan on a somewhat even playing field. Your plan will obviously undergo many revisions over time, for many of you this is your first attempt at a plan. This is why we have provided the style guide in a question format to help you dialogue your way through the writing of your plan. For others, you may already have a plan developed. In this case, simply rearrange your plan to follow the headings and then use the questions as a checklist to make sure you have considered every aspect of the plan that the judges will be looking for.

A word about the philosophy of an Idea Plan versus a Business Plan is probably in order here. Remember, an Idea Plan is about the desired choices and hypotheses you make concerning your new venture concept. Ultimately the story you tell the reader about your new venture must answer these three most common questions that will be on their mind the minute they look at the cover of your plan:

- 1.) *What is the problem being solved and the unique benefit you offer your customers.*
- 2.) *How can the product/service be differentiated from the competition already in the marketplace.*
- 3.) *Proof that the target customers care enough to bring you the level of revenue you estimate for your venture.*

If you don't know something, then be honest and say you don't know it, and then provide a clear path to your current assumptions and a clear path to how you are (would) solve it. State what you hope to find in an idealized world and what risks you have identified that threaten to prohibit this ideal state. Your reviewers already know that not everything has been completed; otherwise you wouldn't have needed this Idea Plan in the first place. Later after the competition is over, you will continue to refine your idea as you gain valuable insight from mentors, judges, and other professionals who see your plan. Then you will put all these learnings into a complete Business Plan that will essentially act as the firing line document that clearly details what you will do in order to grow your venture to a certain level of revenue given a successful level of investment. It can be thought of as a set of marching orders all laid out should funding be successfully obtained. In many ways, *a Idea Plan is a vision and strategy document created while the idea is still in development, the Business Plan is a managerial contract that you are proposing to a potential investor who has shown an interest in your venture.* Said a different way, the Idea Plan is written to attract an investor's interest, the Business Plan is written to close an investor's commitment.

## E. The Idea Plan Structure

Enough of the background details in the previous sections, now we get to a real Idea Plan layout. The title page and Executive Summary (essentially the submission you have already made in Round 1 of the competition) pages are the only two absolute requirements. The other 10 sections you have stylistic freedom to develop as you see appropriate. The underlined headers in each section can be used to organize your discussion, but while highly suggested, they are not strictly required. **Remember the total page length is 25 pages. If you add supporting drawings, pictures, schematics or Financial Tables, please include them in Appendices, which should not exceed 10 pages.**

### Idea Plan Structure

#### The Title Page (a.k.a. Cover)

Name of Company

Logo (if developed)

Tagline (your one phrase marketing line e.g. if your Nike it is – “Just Do It”)

One sentence descriptor: what does your venture do? (Again if you are Nike then you would write – “Manufacturer and Marketer of Athletic Apparel and Footwear”)

Names of Team Members

Date

Disclaimer Warrant: “This business plan is intended solely for informational purposes to assist you with a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent.”

#### I. Executive Summary (this the same 2 pages you submitted in Round 1)

Concept Description: (maximum 75 words) Tell us what is your idea, what is its Overt Benefit to your targeted consumer, what problem it solves or opportunity it addresses, and how it is new and innovative in a concise factual manner.

Opportunity: (maximum 100 words) What is the consumer problem you are solving? What is the market inefficiency you are capturing? What is the realistic financial size or market size of this opportunity if you could capture it? How do you know the opportunity is real? Can you give a supporting fact or two in your favor?

Innovative Solution: (maximum 200 words) What can you do to take advantage of the opportunity? Provide short descriptors of your products/services. How does it work (in simple examples, there is no need to disclose proprietary technology or trade secrets)? How will you overcome the natural adoption hurdles of your customers to new ideas? What will it save, reduce, or eliminate, add to, or benefit in your customer’s lives if they adopt your solution? Can you quantify these claims?

Value Proposition: (maximum 100 words) Compared to what a customer can already do, what is the value you are bringing to the product/service category? What

do you foresee in the future if your idea is successful in the marketplace? How do you expect consumers to react to this new idea? Can you identify the size of the market opportunity that you can realistically capture?

**Competitive Advantage:** (maximum 100 words) Put some distance between you and your competitive set. Who are your most likely competitors and how will they respond to your entry in the marketplace? Demonstrate you understand what other products/services will compete with your venture (dollar for dollar trade-off) and why customers will prefer you. Also what have you (or could you potentially do) done to provide barriers to possible competitors (patents, first to market, proprietary intellectual property, or simply a big head start)? This is a fine place to highlight your **business model** to show how you will compete against other entrants in your market category.

**Management:** (maximum 100 words) Who is your team and why are they relevant to this venture's ability to capitalize on this opportunity? List the different functions your team will play to help your idea become a success. Also state which roles are missing from your team and a realistic estimate of when you hope to get them?

**Financial Highlights and/or Offering:** (maximum of 100 words) What is your best estimate of profits, revenue forecast, low-cost producer breakthrough, investor return? Estimate the amount of investment that will be required to see your idea through to the marketplace? Estimate the capital requirement situation (self, family, angel, or debt financing) you will be seeking and possible terms you might propose.

## II. Company Overview

**Introduction (What We Do):** What does this venture plan to do? Who are the targeted lead customers and when do you expect to be ready to serve them? Where will you be conducting day-to-day operations?

**Vision Statement (Mission Statement):** How are you going to satisfy your customers? What will be your commitment to them? What is your purpose for being?

**Venture History and Current Status:** Where did this concept come from? State any strategic partnerships with intellectual property, strategic employees, or other outside contributors or funding. State the relationships you have with your network, advisors or those that will be responsible for bringing this idea to market.

**Objectives:** These are the plan goals. Must state market launch estimate, break-even timeframe, and profit goals. Also provide exit strategy thinking.

## III. Product/Service Description

**Introduction:** Tell your story. Why is your venture necessary? Take us into the lives of your customer. Tell their story. What is the consequence of not having your solution? What are the real costs; the real pain; their real desire for your solution?

**Stage of Development:** Where does your venture lie – concept stage, prototype stage, seed stage, commercialization, start-up, growth etc? Are there future line extensions or additional products you can envision being developed?

**Proprietary Rights:** Patents, strategic advantage and be clear of its real significance.

Customer Description: Who are your customers? What are their unique needs?

**Provide consumer-centric concepts for each one.** Show diagrams, pictures, drawings, positioning strategy schematics or word descriptors that help to bring the idea to life.

Features to Benefits Table: What are you offering, and what will the customer get as a benefit? Are there differences within targeted customer segments? Be able to convert each product/service feature you have incorporated into your venture into a consumer benefit (i.e. if you use overnight delivery as a feature then translate into a benefit of “less down time” to the customer).

Market Comparison: What is out there now, where do you fit in the grand scheme of your category? Does your business model give you an advantage that sets you apart from the marketplace? What are the risks from competitors?

#### **IV. Industry and Marketplace Analysis**

Introduction: What is going on in the market segment your venture is aimed at? What are the consumer trends that lead you toward your opportunity? What does the future hold? Quantify the problems and their cost to the consumer.

Industry Analysis: What is the size and geographical range of your market? Size of financial segment (total opportunity – not just what you think you can capture).

Marketplace Analysis: What portion of the market do you think you can get and how will you get it? How will you reach this market? Segment the marketplace into as many manageable slices that makes your story believable.

Competitors: Who and where are they on a positioning strategy map? What do your competitors offer? Discuss why your venture is better or more strategically poised to compete.

#### **V. Marketing Plan**

Introduction: Who do you want to sell to? What are your criteria for selecting these customers? What are your assumptions as to where they are and why you can get to them?

Target Market Strategy: Why does the main core target customer want you? What are the overt benefits you will deliver to them and what are the reasons-to-believe that you can deliver? Why will your customer's listen to you?

Product Strategy: What is the most preferred form of your product to be offered to the targeted customer? What is your brand development strategy? Discuss all your product/service options. Tables can be useful for product offerings with many components.

Pricing Strategy: What is the pricing logic, assumptions, and breakouts of your product set?

Distribution Strategy: How will you get the product to the customers? What are the strategic networks or desired avenues to getting your product where the customers will have access to it? What will be the inventory implications?

Advertising and Promotion Strategy: What are the sales channels and strategic alliances necessary to get your product to your core targeted customer? What will you do to get noticed?

Sales Strategy: Who, what, where, and how many. Where will your sales efforts start and how will it grow. What are the critical timing issues with getting sales started and factors that will determine sustainability?

## **VI. Operations Plan**

Operations Strategy: You can only do so much as a new venture. What is your prioritized strategy for getting your product/service from concept stage to the marketplace? How will you initially get your product to the customers?

Scope of Operations: Who, what, and how will your product be designed, developed, and commercialized. What outsourcing partnerships have you or will you develop. What are the critical milestones needed to raise the probability of success? Where will you do all this work?

Ongoing Operations: Once your company gets into business, what are your thoughts on how you will manage growth in the future?

Operations Timeline: What is the timeline for how you are going to build your structure to reach your customers? What is your external to-market timeline for once you have your product/service ready for the marketplace?

## **VII. Development Plan**

Development Strategy: What do you have to do to get this business off the ground and into the market and it's associated costs to develop – technology, operations, intellectual property, manufacturing and equipment, sales and marketing?

Development Timeline: Key milestones included along with assumptions. This timeline is specifically for the development timeline of your product or service. What is your internal development timeline? This should include customer testing, shelf-life testing, and validation your product will indeed work.

Development Expense Estimates: What costs can you project and reasonable assumptions for the basis of these costs? Also what are the milestones that are needed to give reasonable assurance you know you have achieved success?

## **VIII. Management Plan**

Management Team Currently: Give significant bios for each team member. Justify why each individual is necessary for your team.

Management Team Needed: Whom will you be hiring and what are the unique characteristics of the ideal individuals you will need?

Corporate Board of Directors: What is the size and structure that will be developed as this venture develops?

Advisory Boards: Every company needs knowledgeable contributors to help the company develop, grow, and ultimately become successful. Who are they currently and whom would you ideally target if you could get them?

Strategic Consultants: There are always extra people you may need to count on for specific content knowledge or skill level. Who might these people be?

Growth Plans: It is important to be aware of how your company will grow. What will be your employee needs as this venture grows? Can you estimate a timeline for employee acquisition and for which corporate functions they will be needed? Can you estimate their salary requirements? Can you identify major limitations in available pools of employees or finding those employees that will need specialized skill sets?

## **IX. Critical Risks, Problems, and Assumptions**

What are the market forces that play against you? What are the risks to the business (take market and/or tactical risks and monetize them). When is the window of market opportunity likely to close? What are the operations risks? What are the risks of competitors responding to your entry into the market? What financial damage can competitors cause you? What are the liabilities (both financial and organizational) should this venture not live up to its potential? What are the critical milestones that must be met and their consequence if missed?

## **X. Financial Plan**

- Sources and Uses of Funds
- 3-year Pro Forma Cash Flow Projection
- Margin and Profit Assumptions
- Capital Required Assumptions
- Highlights and assumptions of the Financial Statements

(If your business is more advanced to the point where you have developed a Pro Forma Balance Sheet, Income Statement, and Cash Flow Analysis you may place them in an Appendix at the end of your Idea Plan.)

## **XI. Offering**

Explain your desired level and type of financing you're looking for. Debt or equity? How much? What do you estimate your venture is valued at? What assumptions did you incorporate into your valuation approach? What is your plan for use of funds once you get the money? What is your plan for investor's return? Provide a discussion on exit strategy scenario and timeline.